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News Release

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Former beauty school owner sentenced to one year in prison for filing false tax returns

The former owner and operator of Rose Beauty School in St. Paul was sentenced to 12 months in prison today in federal court on three counts of filing false income tax returns.

On May 12 in Minneapolis, United States District Court Chief Justice James Rosenbaum also sentenced Viet Quoc Nguyen, formerly of the Twin Cities area and now living in Puerto Rico, to 12 months of supervised release. Nguyen was indicted on June 27, 2007, and pleaded guilty on Oct. 1.

According to Nguyen's plea agreement, he owned and operated the school between 2001 and 2003. The school provided retail cosmetic services to customers and took fees from students who sought training and preparation for licensing by the State of Minnesota to perform cosmetic services. Nguyen filed income tax returns for tax years 2001, 2002 and 2003, all showing his ownership of the school.

Nguyen, however, hid his receipt of income and thus his profit through the school's operation by depositing only some of the receipts received during those tax years into the school's bank account. The remainder of the receipts were either deposited into Nguyen's personal account, spent in cash or otherwise hidden.

Specifically, on April 15, 2002, Nguyen willfully filed a tax return with the Internal Revenue Service for 2001 which reported no tax due and a net loss from the school, when Nguyen knew his net profit was at least \$51,256. This resulted in an underpayment of approximately \$17,961 in taxes to the IRS.

Also on April 15, 2002, Nguyen reported \$501 in taxes due and a net profit of \$6,209 for tax year 2002, when he knew his net profit was at least \$92,144. This resulted in an underpayment of approximately \$35,369 in taxes. On April 15, 2004, Nguyen reported a \$76 refund and a net profit of \$3,521 for tax year 2003, when he knew his net profit was at least \$48,732. This resulted in an underpayment of \$15,877 in taxes.

This case was the result of an investigation by the IRS-Criminal Investigation Division, and was prosecuted by Assistant U.S. Attorney Robert M. Lewis.